



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 10/25/2002

GAIN Report #IN2069

India

Agricultural Situation

Weekly Highlights & Hot Bites, #4

2002

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Report Highlights:

Subsidies can't be removed-AgMinister*, *AgMinister for consensus on WTO issues*, *Global trading companies swoop down on India*, *Wheat shipment to South East Asia*, *Coca Cola sees India as a strong growth market*, *India moves against EU sugar subsidies*, *Child malnutrition stalks towns: Food Atlas*, *India AgVarsity calls Monsanto-Mahyco's Bt cotton a hoax*, *India-Eu cooperation on GMO regulation*, *Salt tolerant GM mustard & rice developed from mangroves*.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
New Delhi [IN1], IN

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U.S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included in this report. Significant issues will be expanded upon in subsequent reports from this office.

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SUBSIDIES CAN'T BE REMOVED - AG MINISTER

In a recent press interview, Agriculture Minister Ajit Singh broached an array of topics relating to agriculture issues. He mentioned that now India has entered an era of plenty (in cereals), so there is a need to diversify and shift to new cropping patterns. Horticulture and oilseeds were crops identified for diversification. However, farmers should be given higher support prices, adequate tariff protection and more processing capacity if oilseed production is to be encouraged, he stated. He remarked that despite large grain stocks in India many go hungry because of distribution problems. Twenty to twenty five percent of the population are not getting full nutritional meals and so poverty exists. This year India has become the largest exporter of grains in South East Asia, surpassing Thailand. India has now become a world power in agriculture but still Indian farmers are suffering as people depending on agriculture is large (66 percent compared with 3 percent in the US) and land holdings are becoming smaller. He opined that there is no way subsidies can be removed from agriculture. "How else can India compete with the US and Europe, who are providing heavy subsidies to farmers?", he quipped. (Source: Tribune, 10/12/02).

AG MINISTER FOR CONSENSUS ON WTO ISSUES

Admitting that India was facing severe problems in its WTO discussions in the farm sector, Agriculture Minister Ajit Singh appealed for a political consensus even while assuring protection of farmers' interest at all costs. The Minister was addressing the meeting of Agriculture Ministers of states to work out a strategy for renegotiation of WTO agreement on agriculture. He said India's problem was not due to its subsidies which were lower than the stipulations but that of inadequate funds. (Source: Business Line, 10/25/02)

GLOBAL TRADING COMPANIES SWOOP DOWN ON INDIA

India's recent policies to export wheat and rice at subsidized rates and the country's increasing reliance on imports for its vegetable oil requirement have made several global trading companies make their presence in India or strengthen their operation. After testing the Indian market through either their agents or representatives, three Singapore-based trading companies, namely Noble Grain, Concordia, and Bunge have recently set up their own Indian operations. Singapore based Stardom, the US's ConAgra, and South Korean Mazuka are others who want to enter India. Cargill and Louis Dreyfus, among a few others, have been strengthening their operations in India. Wilmar of Indonesia in association with Adanis, an Indian trading company based in

Gujarat have been in trading business for more than two years under the name Adani-Wilmar Ltd. According to Cargill India's Chief Executive Hardeep Singh "The recent policy changes has helped India to become one of the largest foodgrain exporters". He however quipped "the exports have been of subsidized foodgrains which cannot be sustained for a longer period and therefore, a renewed focused thrust is required." (Source: Financial Express, 10/21/02)

WHEAT SHIPMENT TO SOUTH EAST ASIA

A state-run trading company has signed contracts for exports of 150,000 tons of wheat to South East and Far East Asia. The company official stated that the wheat, for which contracts were signed with a trading house at \$108 per metric ton (FOB), was for delivery in January, February, and March. India has been selling around 200,000 tons of wheat a month, mainly to meet growing demand from South East Asia and the Middle East. India plans to export 15 million tons of grain in 2002/03 (Apr-Mar) to cut its huge stocks of 55.4 million tons as of September 1. (Source: Business Standard, 10/25/02)

COCA COLA SEES INDIA AS A STRONG GROWTH MARKET

Despite accumulating a loss of rs. 20.9 billion (\$432 million) in its bottling subsidiary Hindustan Coca Cola Beverages Ltd. in the last two years, the Coca Cola, which re-entered India a decade ago, has signaled its intention to stay the long haul in India. The company has mentioned that India has a strong growth market, along with China and the Philippines. Coca Cola India's biggest growth has come from Kinley, its packaged water brand, which now claims a market share of 35 percent in India's rs.10 billion packaged water market. (Source: Business Line, 10/17/02)

INDIA MOVES AGAINST EU SUGAR SUBSIDIES

India has moved the Dispute Settlement Body (DSB) of WTO to be a third party to a Brazilian complaint against subsidies doled out by the EU to its sugar sector for exports. If DSB rules in favor of Brazil, India will be entitled for the same benefit as for Brazil. According to knowledgeable industry sources, India's decision to be a third party to the dispute was part of the strategic decision taken by a Global Alliance for sugar comprising Australia, Brazil and India.. (Source: Business Line, 10/17/02)

CHILD MALNUTRITION STALKS TOWNS: FOOD ATLAS

A "Food Security Atlas of Urban India", a joint effort by the UN World Food Program and the M.S. Swaminathan Research Foundation, released by Indian President Dr. A.P.J. Abdul Kalam shows that child malnutrition is very high in urban areas with 36 percent of urban children stunted and 38 percent underweight. "With a population of one billion, India has the highest absolute numbers of hungry people in the world", the Atlas says. The Atlas used 17 indicators to measure food insecurity, including calorie intake, housing, illiteracy rate, infant mortality, and life expectancy. (Source: Business Line, 10/24/02)

INDIAN AG VARSITY CALLS MONSANTO-MAHYCO'S BT COTTON A HOAX

A three acre farm of Panjabrao Deshmukh Agricultural University near Nagpur in Central India, is reported to have been devastated by the American bollworm against which it was supposed to have been genetically fortified. The officials of the university have claimed that bollworms have consumed more than 80 percent of the Bt cotton crop cultivated in the farm and questioned the efficacy of Bt cotton marketed by Mahyco on contract with Monsanto. The Genetic Engineering Approval Committee had cleared the Bt cotton crop earlier this year (claimed to be a remedy to the American bollworm). Officials of the university claimed that the Bt cotton has proved to be a hoax in India. (Source: Business Standard 10/21/02)

INDIA-EU COOPERATION ON GMO REGULATION: MOOTED BY THE EC AND THE FICCI

A joint report prepared by the EC and an industry association FICCI expressed the hope that India and the EU will reach a common understanding on standardizing the regulatory guidelines for GMO(s). Europeans have finally agreed on new legislation, which came into force last Thursday. As the EU members are still squabbling over the working of the system, the editorial in a local business newspaper questions the wisdom of fostering any such Indo-EU common understanding given the present situation. The editorial says that while the Indian farmers want to adopt GMOs to boost agricultural productivity, their European counterparts always wanted to block cheaper American produced GMOs from entering their protected markets. Hence, it is suggested that those in favor of seeing India progress in the GM arena should stay clear of European GM policy. (Source: Financial Express 10/19/02)

SALT TOLERANT GM MUSTARD AND RICE DEVELOPED FROM MANGROVES

Scientists of the MS Swaminathan Research Foundation (MSSRF) have introduced two salt-tolerant genes from mangroves to rice and mustard to improve their salt tolerance. The MSSRF has mapped the genome of some mangroves and introduced the salt tolerant genes to these plants under the Department of Biotechnology(DBT) project. These GM plants are undergoing tests in green houses and would be available for farmers in about five years pending clearance from the DBT to begin field trials. (Source: Business Standard 10/23/02)

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